



**EDISTON PROPERTY
INVESTMENT COMPANY PLC**

**Interim Report &
Condensed Financial Statements**

For the six months to 31 March 2015

Ediston Property
Investment Company plc

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St. Philips Point, Birmingham

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Investment Objective and Financial Highlights

For the six months to 31 March 2015

Investment Objective

The Company's investment objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

Financial Highlights

- Net Asset Value (after launch and portfolio acquisition costs) increase of 6.7% for the five months to 31 March 2015.
- Share price increased by 8% over the five months to 31 March 2015 to 108.00p.
- Annualised dividend yield of 5.1% based on 31 March 2015 share price of 108.00p.
- Five properties purchased for £76.7 million excluding costs.
- 95 million new ordinary shares issued on 28 October 2014 at a price of 100.00p per share, inclusive of share premium.

TOTAL RETURNS	5 MONTHS FROM LAUNCH TO 31 MARCH 2015
Net Asset Value per share ¹	+6.7%
Share price total return ²	+9.9%

CAPITAL VALUES	31 MARCH 2015
Net Asset Value per share	102.56p
Share Price	108.00p
Premium of Share Price to Net Asset Value	5.3%
Total Assets	£99.8m
Cash Balance	£13.2m

DIVIDENDS	31 MARCH 2015
Dividends per share ³	1.885p
Dividend yield based on share price at 31 March 2015 ⁴	5.1%
Dividend yield based on share price at launch ⁵	5.5%

PROPERTY RETURNS	5 MONTHS FROM LAUNCH TO 31 MARCH 2015
Property income return ⁶	2.21%
Property total return ⁷	9.96%

¹ Calculated under International Financial Reporting Standards. Net Asset Value at launch was after taking into account launch and property acquisition costs.

² Movement in the share price in the period plus the dividend paid in the period expressed as a percentage of the share price at launch in October 2014.

³ Dividends paid during the 5 months to 31 March 2015.

⁴ Calculated using 31 March 2015 dividend annualised over a year compared to the share price at 31 March 2015.

⁵ Using the share price at launch of 100p, the annual dividend yield is 5.5% as per the intended dividend stated in the Prospectus dated October 2014.

⁶ The net income receivable for the period expressed as a percentage of the property portfolio valuation at the beginning of the period plus capital expenditure incurred in the period.

⁷ The sum of capital growth of the property portfolio plus capital expenditure and net income for the period expressed as a percentage of property portfolio valuation at the beginning of the period plus capital expenditure incurred in the period.

Chairman's Statement

Introduction

I would like to start my report with formally recording gratitude to Ratan Engineer for the role he played as Chairman of the Company in its establishment and subsequent flotation in October 2014. His wise counsel was invaluable to the Board and all the Company's advisers. His death after a short illness was clearly a shock to us all. I know that in the limited time he was in the Chair he met a number of the shareholders to welcome them to the Company and to record the Board's gratitude for supporting the capital raising. I intend to follow his lead and look forward to meeting shareholders over the coming weeks and months to discuss the progress of the Company.

I am also grateful for the support of the other two Directors in filling in the void left by Ratan. We have had a very busy period as will be evident from the contents of these financial statements. It is our intention to add a further Director to the Board in due course.

Activity Highlights

The Company listed on the London Stock Exchange on 28 October 2014 raising £95 million of new share capital. Shortly thereafter it completed a contract to acquire a property portfolio of five assets for a total consideration of £76.7 million. The portfolio acquisition was detailed in the Company's prospectus.

A feature of the acquisition was the pricing which reflected that approximately 25% of the portfolio by estimated rental value was void but with rental guarantees in place to cover the period during which tenants were expected to be secured. It is therefore encouraging that the Company has been successful in securing lettings in Reading and Birmingham and further progress is being made to reduce the voids further. This has helped support the growth in the Company's net asset value ("NAV").

The Company was also able to restructure the Sheffield lease by extending the unexpired term from 10 years to 25 years and introducing annual rent reviews linked to inflation. This was accretive to the NAV, improved the defensive nature of the portfolio and was helpful in negotiating improved terms from lenders.

Financial Highlights

The Company's NAV as at 31 March 2015 was £97.4 million or 102.56 pence per share. This represented an increase in NAV of 6.7% based on the NAV post flotation after deducting costs. The biggest single contributor to the rise in NAV was the restructure of the Sheffield lease.

The property return during the five month period the assets were held was 9.96% made up of an increase in capital value of 7.75% with the balance from income.

The share price increased by 8% from the 100 pence at launch. The addition of the dividend income of £1.79 million, or 1.8851 pence per share during the period provided a share price total return of 9.89% over the five months. As at 31 March 2015 the share price stood at a premium of 5.3% to the NAV at the same date.

Debt

The Company set out in the prospectus that it intended raising debt against the portfolio with a target loan to value ratio of 30%. During the accounting period various discussions were held with debt providers.

On 7 May 2015 the Company announced that its wholly owned subsidiary, EPIC (No.1) Limited, had entered into a ten-year, £40 million secured term loan agreement with Aviva Commercial Finance Limited. The interest rate has been fixed at 3.09% for the period of the loan provided the loan to value ratio is maintained below 40%. The loan is secured over the Company's existing property portfolio including the property purchased in Bath after the half year end. This asset is reviewed in the Investment Adviser's report. The agreement includes terms that are typical for a facility of this nature, including loan to value and interest cover ratio covenants with the ability to substitute properties in the security pool.

Investment Acquisitions

The capital raised from the debt facility will be sufficient to fund the remainder of the current acquisition pipeline that was referred to in the March 2015 NAV statement, with a small amount of cash left over. The Company is at an advanced stage of negotiations to purchase two properties at a cost of approximately £28.75 million. These purchases are expected to be concluded by the end of June 2015.

Dividend Policy

The Company indicated that it planned to pay a dividend equivalent to 5.5 pence per share per annum. Monthly dividends have been paid on this basis and it remains the intention of the Board to maintain the dividend at this level.

Outlook

The volatility and uncertainty over recent years in the UK real estate market has been replaced over the last 12 months with a macroeconomic picture that is more positive than it has been for some time.

Rental growth is highly correlated to GDP growth but tends to lag the economic turning points by some 12 to 18 months. This lag is now unwinding with tenant take up reducing vacancy levels to a point where rents are now rising outside London. This is also against a back drop of relatively low development activity which is likely to keep vacancy rates at low levels. With this outlook returns should remain positive and possibly be enhanced by a further fall in yields. However, it is likely that the next phase of the property cycle will be characterised by a greater proportion of returns coming from income and the ability to grow rents.

In summary, the Board believes that the market environment remains sufficiently attractive to support raising new capital to assist the Company to grow and achieve its investment objectives. The Board also believes that the market conditions are especially conducive to the skill set of the Investment Adviser where careful stock selection coupled with innovative and creative asset management should add further to returns. As a consequence various options are being considered and proposals will be made to shareholders shortly.

William Hill

Chairman

28 May 2015

Investment Adviser's Report

Economic Environment

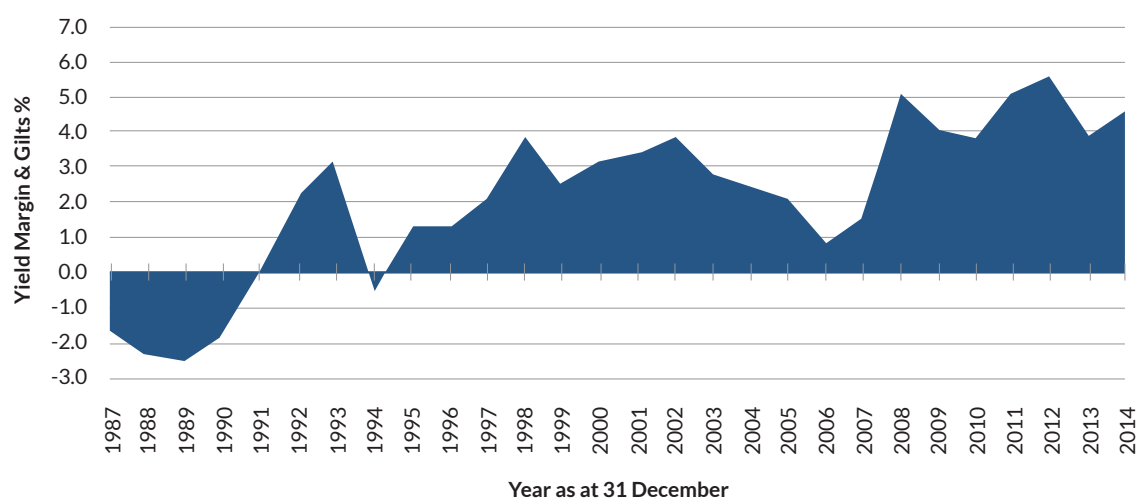
In 2014 the UK economy delivered annualised growth of 2.60%, and according to the Office of National Statistics, was the best performing economy of all the G7 Nations, with the fastest rate of growth since 2007. The solid recovery of the past two years is also more broadly based, encompassing many sectors of the economy, not just the service sector.

The recent fall in inflation to negative territory is considered by most commentators to be a 'good type of deflation' given it has been driven by the falling oil price with the resultant impact tantamount to an income tax cut for the consumer given the impact has been to reduce petrol prices and home energy costs. With positive employment growth, wage growth accelerating, inflation and interest rates at historically low levels, the macroeconomic picture for the UK is more positive than it has been for a considerable time.

The decisive election result has removed most of the political and potential economic uncertainty which would have been likely with a further coalition government. Some concerns still remain over the further impact of key issues such as Scotland, austerity measures, public spending and importantly the UK's position in Europe. The Eurozone which is now in a period of deflation and the threat of a Greek exit from the Euro, all represent significant risks which have the potential to unsettle markets. However, even allowing for these risks, most forecasters expect the UK to continue on the path of stable growth which should be positive for UK commercial property.

Over the accounting period the margin over the 10 year gilt yield has continued to be at approximately double the long term average. This gives some downside protection were gilt yields to rise. The markets do not expect short term interest rates to rise in the near term.

Property Margin (All property equivalent yield) over 10 year Gilts



Source: Canaccord Genuity

Property Market Review

In line with improved performance of the economy, the UK commercial property market was the best performing asset class in 2014 as capital values rose strongly. The sector produced its best annual performance since 1993 with IPD recording a total return of 17.4% in the year to 31 December 2014. Capital returns of 11.4% were the main driver due to strong yield compression as investors increased flows to the sector. In the first quarter of 2015 the returns have moderated slightly.

Investment flows have been strong into the retail funds leaving some managers with significant cash holdings. This should provide further support for the market as this money is invested.

The total volume of investment transactions in 2014 of almost £60 billion fell narrowly short of the 2006 high. The 'Regions' saw a 41% increase in investment activity when compared to 2013, with £21.1 billion being transacted during the year. This increase was mainly due to investors seeking better value in regional markets, having been priced out of central London and the south east, and encouraged by the prospects of rental growth elsewhere. This appetite shows no signs of abating and remains broad-based, with overseas investors, UK institutions and private companies all active in the sector. Bank debt is also more readily available which provides additional liquidity to the asset class.

As the Chairman noted, one of the key features of this cycle is the lack of construction activity and modest levels of supply across all sectors. While the development pipeline has picked up over the past 18 months the market overall has not responded as aggressively to a supply shortage as it has



St. Philips Point, Birmingham

in the past. Significantly, a large amount of vacant space has also been removed from the market through conversion to residential, hotel or student accommodation over the past five years. One feature that was apparent in the fourth quarter of 2014 was the pick-up in leasing activity which demonstrated the lag that exists between improving economic conditions and occupational demand.

Property Investment Strategy

In terms of investment focus the Company will continue to invest in well located property where the basic fundamentals of supply and demand are favourable. The Company is stock selection driven, although the macro top down analysis will always be a feature of the investment process. Assets with potential to add value from growing the income line from asset management, market growth or both will be preferred. Income is likely to be a larger component of market return over the next few years given the movement in capitalisation rates that has already occurred.

Purchase Activity

Other than the initial portfolio acquisition of £76.7 million no new purchases were made during the period. Since the period ended the Company has acquired an office property in Bath and is in the process of acquiring another £28.75 million of new assets which are currently progressing through the legal process.

On 1 May 2015 the Company acquired Midland Bridge House in Bath for £4.39 million, secured on an income stream that rises by a fixed amount in 2017 when the yield will reach 7% on cost. The recently refurbished 18,500 sq. ft. office building comes with 28 car parking spaces, and is close to Bath City Centre. It is let to Withy King LLP, a regional firm of solicitors, until 24 March 2023 at a passing rent of £17.50 per sq. ft. per annum. It is adjacent to the proposed Pinesgate development of 113,000 sq. ft. of new offices which will be the first to be constructed in Bath since 1992. Pinesgate is likely to quote rents of £26.00 per sq. ft. per annum, providing a positive rental growth story for Midland Bridge House, which also has a long term redevelopment angle.

Asset Management Activity

Lease renegotiations were completed on the office property at Cutler's Gate, Sheffield, with its sole tenant, Capita Business Services Limited. The Company granted a reversionary lease which extends the unexpired term from 10 years to 25 years. The lease remains in the name of the existing tenant but the Company has secured a new guarantee from its parent company, Capita plc, for the duration of the term, giving additional security of income. The annual rent passing remains at c.£1.05 million, but the five yearly upward only rent review provision has been replaced by annual uplifts in line with the Retail Price Index (RPI) throughout the term. The RPI increase has been capped at 3.00% per annum and collared at 0.00% per annum.

The Company also completed a lease agreement with Babcock Corporate Services Limited for the entire fourth floor at Phoenix, Station Hill, Reading, totalling 10,363 sq. ft. The lease has been guaranteed by Babcock Southern Holdings Limited. The rent payable reflects a rate of £29.00 per sq. ft. per annum. Rents on the first, second and third floors range from £25.50 to £27.00 per sq. ft. per annum, illustrating the improvement in letting conditions and creating good rental evidence within the property. The top floor remains vacant but is income producing under a rental guarantee provided at purchase for a further 18 months.

Following the end of the accounting period the Company also let the ninth floor at St Philips Point in Birmingham to Accountancy Action Limited, leaving only two of the nine floors available to let. Accountancy Action has taken the entire floor of 1,800 sq. ft. at a rent of £24.00 per sq. ft. per annum, ahead of the estimated rental value of £18.00 per sq. ft. per annum as at 31 March 2015.

Lease Profile

This recent activity has improved income security across the portfolio during the period.

As at the period end the weighted average unexpired lease term to the earlier of lease expiries or breaks was 8.68 years over the Company's portfolio. This is illustrated in the chart below.

Lease Expiries as at 31 March 2015



Weighted average unexpired lease term is 8.68 years

Debt Financing

As noted in the Chairman's Statement, the Company's subsidiary, EPIC (No.1) Limited, entered into a ten-year, £40 million secured term credit facility with Aviva at a fixed all inclusive interest rate of 3.09%. The capital raised under this facility together with existing cash resources is being used to fund further property acquisitions.

Sector Weightings

The Company will not be benchmarked against IPD average sector weightings for other funds or REITs but will seek a balance within the portfolio to offer diversification without trending to the average. Market subsector performance is an important element to returns but more importance is placed on the stock selection of the actual buildings purchased. Current subsector weightings are shown overleaf illustrating the regional location bias of the portfolio.

Sector Weightings

SECTORS	VALUE £	%
Retail Warehouse	16,100,000	18.7%
South East Offices	21,350,000	24.7%
Rest of UK Offices	48,850,000	56.6%
Central London Offices	0	0.0%
High Street Retail	0	0.0%
Industrial	0	0.0%
Total	86,300,000	100.0%

Geographic Weightings

REGIONAL SPLIT	VALUE £	%
South East	21,350,000	24.7%
West Midlands	23,100,000	26.8%
Yorkshire & Humber	19,250,000	22.3%
Scotland	6,500,000	7.5%
Wales	16,100,000	18.7%
Total	86,300,000	100.0%

Top 5 Tenants

COMPANY NAME	RENT PASSING	% OF RENT
Capita Business Services Limited	£1,047,846	18.3%
Weightmans LLP	£612,452	10.7%
Xafinity Consulting Limited	£523,286	9.2%
B&Q plc	£508,644	8.9%
AXA Insurance UK plc	£400,824	7.0%

This is as a percentage of the contractual rent inclusive of the sums due from the rental guarantee.



Morrison Street, Edinburgh

Outlook

We believe the property sector remains attractive, underpinned by strengthening economic drivers and a limited development pipeline. Positive returns are expected to continue in 2015 with yields potentially falling further as accumulated cash is invested and further flows into the sector are absorbed. Rental growth is likely to make a larger contribution to returns as the cycle moves forward. The latest Investment Property Forum Consensus Forecast suggests total returns of between 10%-12% in 2015 and indeed the year may surprise on the upside. We would then expect returns to moderate with the dominant feature being income yield rather than further capital growth. The Company's investment strategy will adapt to fit with these conditions.

A risk for the sector would be the potential for institutional investment to push yields to unsustainable levels but there is no sign of that yet. Indeed a lot of stock which has come to the market has not sold as investment discipline seeks to dominate undue pressure to invest. One question the market is debating, is when will interest rates rise and will the market be able to cope with such rises? We would suggest that with rates so low there is a healthy buffer that will allow the market to accept increased rates without too much trouble, over the short term. The past year has witnessed Government borrowing rates reduce to historic lows, with the 10 year gilt yield hitting its lowest level in history in January 2015.

Summary

- Robust economic fundamentals support a property sector offering attractive income yields with a limited supply of new space across all sectors.
- Compelling positive total returns over a three year outlook with reasonable yield and capital appreciation supported by rental value growth.
- Rising gilt yields and interest rates are an emerging risk but there remains a significant 'yield-gap' buffer in place to allow the market to cope with upward movements.
- While there are pricing similarities to 2007, this cycle has stronger underlying drivers which should reassure investors that we are not heading for another 2008.

We remain confident about the ability to invest further capital in the market to the benefit of shareholders.

Ediston Properties Limited

Investment Adviser

28 May 2015



Morrison Street, Edinburgh

Condensed Statement of Comprehensive Income

For the six months to 31 March 2015

		Six months to 31 March 2015 (unaudited)			Period from incorporation to 30 September 2014 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Revenue							
Rental income		2,331	-	2,331	-	-	-
Total revenue		2,331	-	2,331	-	-	-
Gain on revaluation of investment properties		-	4,291	4,291	-	-	-
Total income		2,331	4,291	6,622	-	-	-
Expenditure							
Investment management fee	2	393	-	393	-	-	-
Other expenses		180	-	180	-	-	-
Total expenditure		573	-	573	-	-	-
Profit before finance costs and taxation		1,758	4,291	6,049	-	-	-
Net finance costs							
Interest receivable		15	-	15	-	-	-
Profit before taxation		1,773	4,291	6,064	-	-	-
Taxation		-	-	-	-	-	-
Profit for the period		1,773	4,291	6,064	-	-	-
Total comprehensive profit for the period		1,773	4,291	6,064	-	-	-
Basic and diluted earnings per share (pence)	3	2.18	5.27	7.45	-	-	-

The total column of this statement represents the Company's Condensed Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were acquired or discontinued in the period.

The Company was incorporated on 17 June 2014.

The accompanying notes are an integral part of these condensed financial statements.

Condensed Statement of Financial Position

As at 31 March 2015

		As at 31 March 2015 (unaudited)	As at 30 September 2014 (audited)
	Notes	£'000	£'000
Non-current assets			
Investment properties	5	82,916	-
		82,916	-
Current assets			
Trade and other receivables		3,597	50
Cash and cash equivalents		13,237	-
		16,834	50
Total assets		99,750	50
Non-current liabilities			
Bank loan		-	-
		-	-
Current liabilities			
Trade and other payables		2,320	-
Total liabilities		2,320	-
Net assets		97,430	50
Equity and reserves			
Called up equity	8	950	1
Share premium	9	-	49
Capital reserve	9	4,291	-
Special distributable reserve	9	91,966	-
Revenue reserve	9	223	-
Equity shareholders' funds		97,430	50
Net asset value per ordinary share (pence)	7	102.56	100.00

The condensed financial statements on pages 17 to 27 were approved by the Board of Directors and authorised for issue on 28 May 2015 and were signed on its behalf by:

William Hill

Chairman

Registered number: 09090446

The accompanying notes are an integral part of these condensed financial statements.

Condensed Statement of Changes in Equity

For the six months to 31 March 2015 (unaudited)

	Share capital account £'000	Share premium £'000	Capital reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2014	1	49	-	-	-	50
Profit and total comprehensive profit for the period	-	-	4,291	-	1,773	6,064
Transactions with owners recognised in equity:						
Issue of ordinary share capital	949	94,001	-	-	-	94,950
Issue costs	-	(1,843)	-	-	-	(1,843)
Cancellation of share premium	-	(92,207)	-	92,207	-	-
Dividends paid	-	-	-	(241)	(1,550)	(1,791)
As at 31 March 2015	950	-	4,291	91,966	223	97,430

For the period to 30 September 2014 (audited)

	Share capital account £'000	Share premium £'000	Capital reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 17 June 2014	-	-	-	-	-	-
Profit and total comprehensive profit for the period	-	-	-	-	-	-
Transactions with owners recognised in equity:						
Issue of ordinary share capital	1	49	-	-	-	50
As at 30 September 2014	1	49	-	-	-	50

Condensed Cash Flow Statement

For the six months to 31 March 2015

	Six months to 31 March 2015 (unaudited) £'000	Period to 30 September 2014 (audited) £'000
Cash flows from operating activities		
Profit before tax	6,064	-
Adjustments for:		
Interest receivable	(15)	-
Revaluation gains on property portfolio	(4,291)	-
Interest received	15	-
Operating cash flows before working capital changes	1,773	-
Increase in trade and other receivables	(3,547)	-
Increase in trade and other payables	2,320	-
Net cash inflow from operating activities	546	-
Purchase of investment properties	(78,625)	-
Net cash outflow from investing activity	(78,625)	-
Cash flows from financing activities		
Issue of ordinary share capital	94,950	-
Issue costs	(1,843)	-
Dividends paid	(1,791)	-
Net cash inflow from financing activities	91,316	-
Net increase in cash		
Opening cash	-	-
Closing cash	13,237	-

Notes to the Condensed Financial Statements

1. Interim results

The condensed financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' as adopted by the European Union and the accounting policies set out in the statutory accounts of the Company for the period ended 30 September 2014. The condensed financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements of the Company for the period ended 30 September 2014, which were prepared under IFRS as adopted by the European Union.

Significant accounting judgements, estimates and assumptions

Fair value of investment properties

Investment properties are stated at fair value as at the Balance Sheet date. Gains or losses arising from changes in fair values are included in the Condensed Statement of Comprehensive Income. The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques. The properties have been valued on the basis of "Fair Value" and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value as adopted by the International Accounting Standards Board. Further details of this are provided in note 5.

2. Investment Management Fee

	Six months to 31 March 2015 £'000	Period to 30 September 2014 £'000
Investment management fee*	393	-
Total	393	-

* The annual investment management fee is calculated as 0.95% of the net assets of the Company up to £250 million and 0.75% of the net assets of the Company over £250 million.

The Company's Alternative Investment Fund Manager ("AIFM") and Investment Manager, R&H Fund Services (Jersey) Limited was appointed on 16 October 2014. The property management arrangements of the Company were delegated by R&H Fund Services (Jersey) Limited, with the approval of the Company, to Ediston Properties Limited ("the Investment Adviser") on 16 October 2014. The Investment Adviser is responsible for the day to day management of the portfolio.

3. Total Earnings per Share

The Company's basic and diluted revenue earnings per ordinary share of 2.18 pence per share is based on the net revenue for the period of £1,773,637 and 81,360,773 ordinary shares, being the weighted average number of shares in issue during the period.

The Company's basic and diluted capital gain per ordinary share of 5.27 pence per share is based on the capital gain for the period of £4,291,040 and on 81,360,773 ordinary shares, being the weighted average number of shares in issue during the period.

The Company's basic and diluted total earnings per ordinary share of 7.45 pence per share is based on the profit for the period of £6,064,677 and on 81,360,773 ordinary shares, being the weighted average number of shares in issue during the period.

Earnings for the period to 31 March 2015 should not be taken as a guide to the results for the year to 30 September 2015.

4. Dividends

Dividends paid as distributions to equity shareholders during the period.

	Six months to 31 March 2015		Period to 30 September 2014	
	Pence per share	£'000	Pence per share	£'000
First interim dividend paid 6 February 2015	0.9685	921	-	-
Second interim dividend paid 27 February 2015	0.4583	435	-	-
Third interim dividend paid 27 March 2015	0.4583	435	-	-
Total	1.8851	1,791	-	-

A fourth interim dividend for the year to 30 September 2015, of 0.4583 pence per share, was paid on 30 April 2015 to shareholders on the register on 17 April 2015. A fifth interim dividend for the year to 30 September 2015, of 0.4583 pence per share, will be paid on 29 May 2015 to shareholders on the register on 15 May 2015.

5. Investments

Freehold Properties

	As at 31 March 2015 £'000	As at 30 September 2014 £'000
Opening fair value	-	-
Purchases	76,511	-
Acquisition costs	2,114	-
Revaluation movement	4,291	-
Closing fair value	82,916	-

Changes in the valuation of investment properties

	As at 31 March 2015 £'000	As at 30 September 2014 £'000
Revaluation movement	4,291	-
Gain on revaluation of investment properties	4,291	-

The properties were valued at £86.3 million as at 31 March 2015 by Knight Frank LLP ("Knight Frank"), in their capacity as external valuers. Of the £86.3 million Knight Frank valuation, £82.9 million is reflected in the market value of freehold properties and £3.4 million is recorded as unamortised lease incentives in Trade and other receivables. The valuation was undertaken in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value adopted by the International Accounting Standards Board.

Fair value is based on an open market valuation ("the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date"), provided by Knight Frank on a quarterly basis, using recognised valuation techniques appropriately adjusted for unamortised lease incentives, lease surrender premiums and rental adjustments. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

6. Investment in Subsidiaries

EPIC (No.1) Limited is a wholly owned subsidiary of Ediston Property Investment Company plc and is incorporated in England & Wales. The subsidiary has been dormant during the prior period from incorporation on 27 June 2014 to 30 September 2014 and for the six months ended 31 March 2015.

The subsidiary is considered immaterial and as such no consolidated condensed financial statements have been prepared.

7. Net Asset Value

The Company's net asset value per ordinary share of 102.56 pence (30 September 2014: 100.00 pence) is based on equity shareholders' funds of £97,430,588 (30 September 2014: £50,000) and on 95,000,000 (30 September 2014: 50,000) ordinary shares, being the number of shares in issue at the period end.

8. Share Capital

	Six months to 31 March 2015 Shares	Period to 30 September 2014 Shares	Six months to 31 March 2015 £'000	Period to 30 September 2014 £'000
Authorised				
Ordinary shares of 1p each	95,000,000	50,000	950	1
Allotted and called up				
Opening issued ordinary shares of 1p each	50,000	-	1	-
Issued during the period	94,950,000	50,000	949	1
Closing issued ordinary shares	95,000,000*	50,000*	950	1

*Share capital as at 30 September 2014 was unpaid; share capital as at 31 March 2015 was fully paid.

9. Reserves

	Share premium £'000	Capital reserve £'000	Special distributable reserve £'000	Revenue reserve £'000
As at 30 September 2014	49	-	-	-
Shares issued in the period	94,001	-	-	-
Issue costs	(1,843)	-	-	-
Cancellation of share premium	(92,207)	-	92,207	-
Revaluation movement	-	4,291	-	-
Net revenue profit	-	-	-	1,773
Dividends paid	-	-	(241)	(1,550)
As at 31 March 2015	-	4,291	91,966	223

On 21 January 2015, an application to the Court was successfully made for the cancellation of the share premium account which allowed the transfer of monies to the special distributable reserve.

10. Unaudited Financial Statements

The results for the six month period to 31 March 2015 are unaudited and constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures and financial information for the period to 30 September 2014 are extracted from the latest published Financial Statements, on which the Independent Auditor gave an unqualified report, and they have been delivered to the Registrar of Companies.

11. Related Party Transactions and fees paid to Ediston Properties Limited and R&H Fund Services (Jersey) Limited

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received fees for their services. Total fees for the period were £64,433 (for the period from incorporation to 30 September 2014: £nil) of which £nil (30 September 2014: £nil) remained payable at the period end.

Ediston Properties Limited received £393,344 (for the period from incorporation to 30 September 2014: £nil) during the period of which £230,318 (30 September 2014: £nil) remained payable at the period end.

R&H Fund Services (Jersey) Limited, as AIFM and Investment Manager, received £6,370 (for the period from incorporation to 30 September 2014: £nil) during the period of which £6,370 (30 September 2014: £nil) remained payable at the period end.

12. Contingent Assets and Liabilities

The Company acquired the units in a Jersey Property Unit Trust on 7 November 2014 which has resulted in two contingent liabilities. These relate to:

1. The possible construction of a new 8,000 square feet unit at Clwyd Retail Park, Rhyl. If practical completion of this unit occurs within 12 months of the Company acquiring the units in the trust, a further payment of £970,400 is due to the Vendor. As the construction of the unit will not commence until a pre-let is in place, it is unlikely that this deferred consideration will become due and payable to the Vendor.
2. Stamp duty land tax ("SDLT") that the Seller of the unit trust may incur as a result of a reorganisation that they undertook to assist the acquisition. Prior to the sale of the units to the Company, they transferred a property to another group entity by way of a distribution in specie for nil consideration. The Company has indemnified the Seller should any SDLT arise as a result of that property transfer. This indemnity remains in place for 18 months from the date of acquiring the units in the trust, however both the Vendor's and the Company's tax advice is that there is a low probability of an SDLT liability on the transaction.

A third contingent liability has arisen in relation to the Sheffield property. If the Company disposes of the property at Sheffield before 24 June 2016 an overage payment will be due to Capita Business Services Limited, the tenant of that property. The amount due would be 50% of the sale price of the property over £18,512,199. The valuation of the property at 31 March 2015 was £19,250,000.

13. Post Balance Sheet Events

On 9 April 2015, a dividend for the month of March was declared at a rate of 0.4583 pence per share, payable on 30 April 2015 for shareholders on the register as at 17 April 2015.

On 1 May 2015, the Company acquired a fully let office property in Bath for £4.39 million.



Morrison Street, Edinburgh

On 5 May 2015, the Company transferred ownership of the existing property portfolio to its wholly owned subsidiary, EPIC (No.1) Limited in advance of the completion of the new loan facility noted below.

On 6 May 2015, a dividend for the month to April was declared at a rate of 0.4583 pence per share, payable on 29 May 2015 for shareholders on the register as at 15 May 2015.

On 7 May 2015, EPIC (No.1) Limited, the wholly owned subsidiary of Ediston Property Investment Company plc, entered into a ten-year, £40 million secured term loan agreement with Aviva Commercial Finance Limited. The loan has been fixed at an interest rate of 3.09% for the period of the loan as long as the loan-to-value ratio is maintained below 40%. The loan is secured over EPIC (No.1) Limited's existing property portfolio including the above mentioned Bath property.

Directors' Statement of Principal Risks and Uncertainties

The risks, and the way in which they are managed, are described in more detail in the Strategic Report within the Report and Financial Statements for the period from incorporation on 17 June 2014 to 30 September 2014. The Company's principal risks and uncertainties have not changed materially since the date of the report and are not expected to change materially for the rest of the Company's financial year.

Directors' Responsibility Statement in respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement and Investment Adviser's Report (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the period and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties referred to above is a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements includes a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the period and that have materially affected the financial position or performance of the Company during the period.

On behalf of the Board

William Hill
Chairman
28 May 2015

Independent review report to the members of Ediston Property Investment Company plc

Introduction

We have reviewed the condensed set of financial statements in the interim financial report of Ediston Property Investment Company plc for the six months ended 31 March 2015 which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Equity, the Condensed Cash Flow and the Notes to the Condensed Financial Statements. We have read the other information contained in the interim financial report which comprises only the Investment Objectives and Financial Highlights, the Chairman's Statement, the Investment Adviser's Report, the Directors' Statement of Principal Risks and Uncertainties and the Directors' Statement of Responsibilities in respect of the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 31 March 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Grant Thornton UK LLP

Auditor

London

28 May 2015

Corporate Summary

Ediston Property Investment Company plc (“the Company”) is a closed-ended property investment company which began trading in October 2014. The Company has a single class of ordinary shares in issue, which are listed on the premium segment of the Official List and traded on the London Stock Exchange’s Main Market. The Company has, subsequent to its launch, entered the Real Estate Investment Trust (REIT) regime for the purposes of UK taxation.

Investment Objective

The Company’s investment objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

Investment policy

The Company will pursue its investment objective by investing in a diversified portfolio of UK commercial properties.

It will invest principally in three commercial property sectors: office, retail (including retail warehouses) and industrial, without regard to a traditional property market relative return benchmark.

The Company will invest predominantly in income producing investments. Investment decisions will be based on analysis of, *inter alia*, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for active asset management of the property.

The Company will not invest in other investment companies or funds. However, the Company may hold property through special purpose vehicles and is permitted to invest in joint ventures which hold real estate directly. The Company will also be permitted to forward fund purchases of properties on a pre-let or a non pre-let basis and obtain options over properties.

Investment risk is spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. Although the Company has not set any maximum geographic exposure or maximum weightings in any of the principal property sectors, it may invest no more than 25 per cent. of total assets, at the time of investment, in other sectors such as leisure, residential, student residential, healthcare and hotels. Once the Company is fully invested (including drawdown of available debt facilities), no single property may exceed

20 per cent. of total assets at the time of investment. Speculative development (i.e. properties under construction which have not been pre-let) is restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development. Development, other than speculative development, is also restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development.

Once the Company is fully invested (including drawdown of available debt facilities), the Company shall not be permitted to acquire an investment if, as a result, income receivable from any one tenant, or from tenants within the same group (other than from central or local government), would in any one financial year exceed 20 per cent. of the total rental income of the Company for that financial year.

The Company is permitted to invest cash that is held for working capital and awaiting investment purposes in cash deposits, gilts and money market funds.

The Board currently intends that gearing, calculated as borrowings as a percentage of the Company's gross assets, will not exceed 30 per cent. at the time of drawdown. In any event, gearing will not exceed a maximum of 35 per cent. at the time of drawdown.

Any material change to the investment policy will require the prior approval of Shareholders.

Investment Manager/ Investment Adviser

R&H Fund Services (Jersey) Limited has been appointed by the Company, pursuant to the Investment Management Agreement, to be the Company's Alternative Investment Fund Manager (AIFM) under which it is responsible for overall portfolio management and compliance with the Company's investment policy, ensuring compliance with the requirements of the AIFMD that apply to the Company, and undertaking all risk management. The AIFM has delegated the day to day management of the Company, pursuant to the Investment Managers' Delegation Agreement, to Ediston Properties Limited ("the Investment Adviser"). The Investment Adviser advises the Company on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio.

Dividend Policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to shareholders on a monthly basis. Whilst not forming part of its investment policy, the Company is targeting the payment of dividends at a gross yield of 5.5 per cent. per annum on the issue price of the shares at the Company's launch.

Shareholders' Funds

£97,430,588 at 31 March 2015

£50,000 at 30 September 2014

Important Information

Past performance is not necessarily a guide to future performance. The value of investments and income from them may go down as well as up and are not guaranteed. Net asset value performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance.

If you have sold or otherwise transferred all of your ordinary shares in Ediston Property Investment Company plc please forward this document as soon as possible to the purchaser or transferee, or to the stockholder, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Corporate Information

Directors	Mr William Hill (Chairman – appointed 13 April 2015) Mr Robin Archibald Mr Robert Dick (Chairman of the audit committee)	Property Valuers	Knight Frank LLP 55 Baker Street London W1U 8AN
		Independent	Grant Thornton UK LLP
		Auditors	Grant Thornton House Melton Street Euston Square London NW1 2EP
Registered office	Broadgate Tower 20 Primrose Street London EC2A 2EW	Tax Adviser	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
Registered number	09090446		
AIFM and Manager	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW	Registrars	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE
Investment Adviser	Ediston Properties Limited Broadgate Tower 20 Primrose Street London EC2A 2EW	Corporate Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Administrator and Company Secretary	R&H Fund Services Limited 15-19 York Place Edinburgh EH1 3EB	Website	www.epic-reit.com
Legal Adviser	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW		



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